



U.S. Department of Justice

*United States Attorney's Office
Eastern District of New York*

F.#2009R02380
DSS/CMT

271 Cadman Plaza East
Brooklyn, New York 11201

January 2, 2015

BY ECF

The Honorable John Gleeson
United States District Court
Eastern District of New York
225 Cadman Plaza East
Brooklyn, New York 11201

Re: United States v. HSBC Bank USA, N.A. and
HSBC Holdings plc
Criminal Docket No. 12-763 (JG)

Dear Judge Gleeson:

Pursuant to the Court's July 1, 2013 order directing the government to file quarterly reports regarding the implementation of the deferred prosecution agreement ("DPA") in the above-captioned matter, the government submits this status report.

During the last quarter, the Monitor and his team have completed the work required for the First Annual Follow-Up Review of HSBC Holdings plc's ("HSBC Group's") anti-money laundering program. The Monitor is currently preparing his report on the results of the review, which will be submitted to the Department of Justice on January 20, 2015. The report will be based primarily on analyses conducted through four separate but interconnected means of examining HSBC Group's operations: (1) assessment by the Monitor and his team of HSBC's anti-money laundering and sanctions compliance program at the Group level; (2) phased examination and testing performed by six Country Review teams deployed to study various country-level operations; (3) analysis of HSBC Group's progress in implementing the recommendations proposed by the Monitor in his Initial Report; and (4) monitoring of compliance efforts not addressed through other monitoring activities.

The Monitor has also begun putting together a work plan for the Second Annual Follow-up Review to be conducted in 2015.

Respectfully submitted,

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cc: Counsel for Defendants (via ECF)